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Tree Nuts

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Report Highlights:

France is both a competitor and market for the United States in the walnut sector. France is the leading European producer of walnuts which, for 2002, are expected to be 30,000 MT. As a major walnut supplier, France exports mainly to Germany, Spain and Italy. French and U.S. products compete in these markets. Currently, the relatively weak U.S. dollar favors U.S. product over French walnut product as shelled snack food. The bulk of the French market is supplied by domestically-grown walnuts. However, there are market opportunities for U.S. shelled walnuts for snacking or as an ingredient in the food processing industry.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Paris [FR1], FR

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Executive Summary

France is both a competitor and market for the United States in the walnut sector. As the leading European walnut producer (2002 production is expected to be 30,000 MT), France exports mainly to Germany, Spain and Italy. French and U.S. products compete in these markets. Currently, the relatively weak U.S. dollar makes U.S. product competitive with French walnut product. Although the bulk of the French market is supplied by domestically-grown walnuts, there are market opportunities for U.S. shelled walnuts for snacking or as an ingredient in the food processing industry.

Conversion factor used is: 2 MT shelled walnuts = 1 MT in-shell walnuts

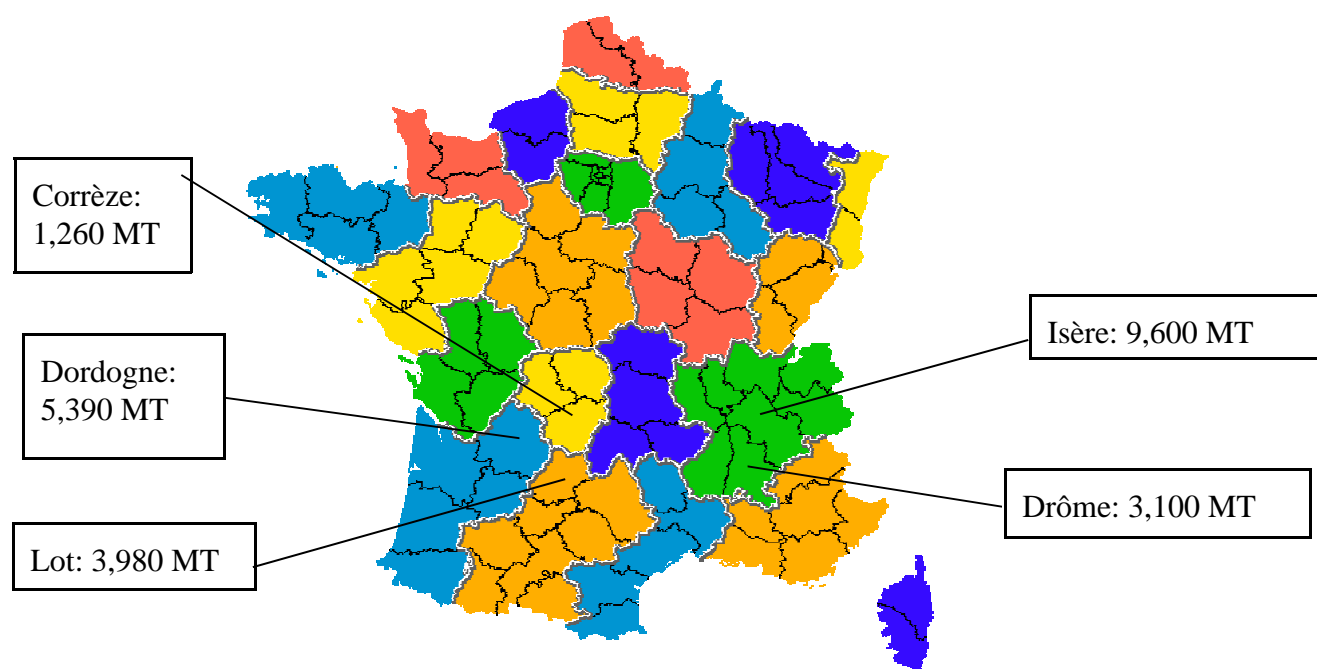
Section I: Situation and Outlook

Production

Regional Production:

French walnut production is mainly located in southwestern and southeastern regions. In 2001, the walnut production area covered 14,620 ha, producing 29,180 MT of walnuts. Five "départements" (administrative regions) produced 85 percent of the national production in 2001: Isère, Dordogne, Lot, Drôme, and Corrèze.

Leading Regions Producing Walnuts - 2001



Source: French National Geographic Institute (IGN) from its website at:
<http://www.ign.fr/fr/GP/cartes/telecharger/FRANCE/FranceA1.html>

Production Trend:

France is the leading European producer of walnuts, with roughly 25 percent of total European production in 2001. French walnut production for 2000 and 2001 was respectively revised to 28,660 MT and 27,810 MT, in line with recent estimates by the Office of Statistics of the French Ministry of Agriculture and Fisheries.

In 2002, French walnut production is expected to be higher than in 2001 at 30,000 MT, although some hail

storms affected the walnut orchards in the Isère region in mid-July 2002.

Walnut production includes roughly 2,000 MT in-shell fresh walnuts sold in September and October, 7,000-8,000 MT of in-shell dried walnuts, and 11,000-12,000 MT of shelled walnuts. Shelled walnuts are used either for industrial food processing (60 percent), craft food processing (30 percent), and sold as such (10 percent).

Regional Production

There are 2 appellations of origins (AOC) labels for high quality walnuts in France: "noix de Grenoble" since 1938 and "noix du Périgord" for the first time in 2002. Nuts marketed under these appellations are grown in delimited zones: "Noix de Grenoble" is grown in the French southeastern producing regions, while "Noix du Périgord" is grown in the French southwestern producing regions.

For more information on French Appellations of origin logos, please see report FR1062, entitled "French and EU product origin and quality labeling," dated November 08, 2001 at:

<http://www.fas.usda.gov/gainfiles/200111/135682651.pdf>

Walnut varieties produced in France are the following:

- Franquette represents 80-90 percent of the French walnut orchards,
- Corne, Marbot and Grandjean are specific to the southwestern producing region,
- Mayette and Parisienne are specific of the southeastern producing region,
- Lara and Fernor are marginally planted but their production is growing.

Southeastern Production:

Walnuts eligible to the AOC origin logo "Noix de Grenoble" are grown on a specific zone covering three "départements" (administrative areas): Drôme, Isère, and Savoie.. The varieties eligible to the AOC are Franquette, Mayette, and Parisienne.

The organization in charge of managing the production of "Noix de Grenoble" is:

Comité Interprofessionnel de la Noix de Grenoble

"Les Colombières"

38160 Chatte

tel: 04 76 64 06 64

fax: 04 76 64 07 40

noixdegrenoble@9online.fr

A major French producer of walnuts based in southeastern France producing AOC walnuts is Vercofel. Their website is in French and English: <http://www.vercofel-noix.com>

This website contains information on the walnut varieties grown, the packaging, the AOC products, as well as walnut nutritional facts.

Southwestern Production:

The AOC origin logo "Noix du Périgord" is provided for the first time in 2002 to walnuts grown in a specific area covering 4 "départements" (administrative regions): Dordogne, Lot, Corrèze, and Charente. Four varieties will be eligible to the AOC: Franquette, Corne, Marbot, and Grandjean. Three products will be eligible for the AOC: fresh walnuts (30 percent humidity), dried in-shell walnut, and shelled walnut prepared manually.

The organization in charge of managing the production of "Noix du Périgord" is:

Syndicat National de Défense de la Noix et du Cerneau de Noix du Périgord"

Station expérimentale de Creysse

BP 18

46600 Martel

tel: 05 65 32 22 22

fax: 05 65 32 27 44

station.creysse@wanadoo.fr

In southwestern France, fruits and vegetable growers are grouped in an organization called "Bassin Grand Sud Ouest," or "BGSO."

Comité Economique Agricole Fruits et Légumes du BGSO

Agropole - Bâtiment Alphagro

BP 206

47931 Agen cedex 9

tel: 05 53 77 22 70

fax: 05 53 77 22 79

bgso@club-internet.fr

http://www.comite-bgso.com/index_comite2.php3?ref

On this website, there is a description (in French) of the regional walnut production.

Consumption

Total walnut consumption in the PS&D includes stocks differential (since there are no data available for stocks) and human consumption. Walnuts are consumed as such for snacking or home cooking, or in by-products, such as walnut oil, or shelled walnut used as ingredients in the pastry, bakery and cheese industries for example.

French households are estimated to purchase approximately 7,000-9,000 MT of in-shelled walnuts, (including 2,000 MT of fresh walnuts and 7,000 MT of dried walnuts), and 6,000 MT shelled walnuts per year.

Most of the French southeastern production (roughly 75 percent) is for the in-shell walnut market, while more than half of the southwestern production goes to the shelled walnut market segment. Overall, large grades are for the in-shell walnut market, while smaller grades are for the shelled walnut market.

The French per capita consumption of walnuts is 150 grams of in-shell walnuts and 200 grams of shelled walnuts. In-shell walnuts are mainly consumed during the fall (mainly in November and December) and in winter. However, there is no seasonality for shelled walnut consumption.

Trade

France is a net exporter of walnuts, and exports principally to EU member states and Switzerland. French and U.S. walnuts compete for these markets.

During the first 8 months of MY 2001/02 (October-May), French exports of walnuts declined by 6 percent to 18,720 MT compared to the same period of MY 2000/01, due mainly to reduced shipments to Germany and Spain, which France's leading export markets. However, French exports to Italy and Switzerland increased significantly during the same period. The decline in overall French exports resulted principally from the stiff price-competition French walnuts face with U.S. walnuts on European markets. In 2001/02, as U.S. walnuts were sold at significantly lower prices than French walnuts in Europe, prices for French walnuts declined and were lower than in 2000/01.

In 2002/03, the currently low U.S. dollar relative to the Euro is expected to be beneficial for U.S. products on the European market.

Note: Trade data in the following trade matrices were revised from Eurostat data in previous reports to French Customs data in the current report.

Policy

The French Fruits and Vegetable Board (ONIFLHOR) is the French MinAg's agency responsible for distributing EU and GOF funds to the French fruits, vegetables, and flower sectors. French walnut growers do not perceive any direct payments for growing walnuts under the fruits and vegetable CAP, but they get three types of subsidies:

1. Inclusive aid to form a producer organization (PO): In France there are 11 walnut/hazelnut/almond POs which all obtained such support from 1992 to 1998, following the reform of the fruits and vegetable CAP. In total, during that period of time, €2.05 million were provided to French nut growers for forming POs, 50 percent coming from the EU and 50 percent from ONIFLHOR.
2. Some specific support for constituting a working capital is also provided to POs specializing in walnut/hazelnut/almond production. This working capital aims to partially pay storing, packaging, sorting and breaking costs. Under the fruits and vegetable CAP, POs get this subsidy once, and the subsidy is limited at 16.5 percent of the production value of each PO. Each PO self funds 45 percent of the working capital, 10 percent is paid by ONIFLHOR, and 45 percent is funded by the EU. This program totaled €3.76 million (including French and European funding), and was provided to growers prior to 2001.
3. Finally, POs specializing in walnut/hazelnut/almond production get financial support for improving their orchards, and renewing their equipment (such as dryers and scales), and get technical assistance. These actions are under a program called "program for improving quality and marketing," of which 45 percent is self-funded by each PO, 10 percent is funded by ONIFLHOR, and 45 percent is funded by the EU. Since 1992, the budget allocated to this program in France totaled €22.44 million, of which €3.19 million were delivered in 2001.

In addition to the above programs set by the Common Agricultural Policy, ONIFLHOR partially funds research and experimentation programs on walnuts. In 2001, €600,000 were provided to applied research and

experimentation on walnuts, funded by ONIFLHOR and French local authorities (large administrative regions).

ONIFLHOR's website is <http://www.oniflhor.fr> (all in French)

Marketing

While the in-shell large grade, high quality and high-priced walnut market segment is dedicated to domestically-grown walnuts sold under the origin logos "Noix du Périgord" and "Noix de Grenoble", the shelled walnut market segment and the walnut pieces segments are those presenting the best opportunities for U.S. walnuts.

The 6,000 MT of shelled walnuts annually purchased by French households are principally sold by supermarket chains as a cooking ingredient more than as a snacking product. Since the market for snacking products has increased significantly over the past few years, developing the packaging of shelled walnuts as snacks would certainly help increase sales of U.S. shelled walnuts on the French market.

Another marketing opportunity for U.S. walnuts is shelled walnuts or walnut pieces used in bulk by the French food processing industry. For example, there are more and more U.S.-type cookies and pastry (brownies, muffins) sold on the French market and U.S. walnuts may be used as ingredients in these, either in ready-made products or in cooking mixes to prepare at home.

French importers of U.S. walnuts are:

Nideco Halles SA
12, rue du Poitou
Bat D.7
94619 Rungis cedex
tel: (33-1) 41 73 23 70
fax: (33-1) 45 60 09 07
nico@nideco.com

SAISOF
28/31, rue des investisseurs
ZA Ouest Plaine Haute
91580 Crosne
tel: (33-1) 69 83 88 30
fax: (33-1) 69 83 88 18
saisof@aol.com

Section II: Statistical Tables

PS&D Tables

PSD Table						
Country	France					
Commodity	Walnuts, Inshell Basis				(HA)(1000 TREES)(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	18600	19230	18600	19230	0	19230
Area Harvested	13600	14620	13600	14660	0	14660
Bearing Trees	1360	1460	1360	1460	0	1460
Non-Bearing Trees	500	460	500	460	0	460
Total Trees	1860	1920	1860	1920	0	1920
Beginning Stocks	0	0	0	0	0	0
Production	26000	27810	27000	30000	0	30000
Imports	15500	13000	16000	12000	0	12000
TOTAL SUPPLY	41500	40810	43000	42000	0	42000
Exports	25000	22000	26000	23000	0	23000
Domestic Consumption	16500	18810	17000	19000	0	19000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	41500	40810	43000	42000	0	42000

Sources: SCEES, French Customs, French walnuts growers

Please note that the 2000/01 data were revised as follows:

MY 2000/01	Old	New
Area Planted	18600	19140
Area Harvested	13600	14530
Bearing Trees	1360	1455
Non-Bearing Trees	500	460
Total Trees	1860	1915
Beginning Stocks	0	0
Production	25600	28660
Imports	13300	13289
TOTAL SUPPLY	38900	41949
Exports	23000	22957
Domestic Consumption	15900	18992
Ending Stocks	0	
TOTAL DISTRIBUTION	38900	41949

Sources: SCEES, French Customs, French walnuts growers

Trade Matrices

Full MY 1999/00 and 2000/01:

Export Trade Matrix			
Country	France		
Commodity	Walnuts, Inshell Basis		
Time period	Oct/Sept	Units:	MT
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Germany	7570	Germany	7537
Spain	3885	Spain	5761
Italy	1782	Italy	2299
Portugal	1697	Portugal	1752
Switzerland	1652	Switzerland	1472
Belgium	1252	Moldova	1389
Denmark	675	Belgium	896
Netherlands	665	Netherlands	537
Moldova	381		
Total for Others	19559		21643
Others not Listed	863		1314
Grand Total	20422		22957

Import Trade Matrix			
Country	France		
Commodity	Walnuts, Inshell Basis		
Time period	Oct/Sept	Units:	MT
Imports for:	1999		2000
U.S.	885	U.S.	158
Others		Others	
Moldova	5914	Moldova	7337
India	1858	India	1312
China	1335	Hungary	1248
Hungary	902	China	1140
Poland	190	Roumania	745
Roumania	135	Poland	249
Bulgaria	80	Ukraine	196
		Slovakia	156
		Italy	139
Total for Others	10414		12522
Others not Listed	458		609
Grand Total	11757		13289

Source: French Customs

Shelled and In-Shell Trade Data, MY 2000/01:

French exports of in-shell walnuts (08023100),
product weight:

	MY 00/01
Total	17527
US	0
Spain	5405
Germany	5227
Italy	2081
Portugal	1432
Moldova	1389
Belgium	542
Switzerland	490
Poland	255

French exports of shelled walnuts (08023200),
product weight:

	MY 00/01
Total	2715
US	0
Germany	1155
Switzerland	491
NL	257
Spain	178
Belgium	177
Portugal	160

French imports of in-shell walnuts (08023100),
product weight:

	MY 00/01
Total	501
US	104
Roumania	93
Brazil	88
Moldova	59

French imports of shelled walnuts (08023100),
product weight:

	MY 00/01
Total	6394
US	27
Moldova	3639
India	656
Hungary	606
China	568
Roumania	326
Poland	111

Partial MY 01/02:

The most recent data published by French Customs are for May 2002. Partial MY 01/02 (7 months) compares as follows with the same period of MY 00/01:

Export Trade Matrix			
Country	France		
Commodity	Walnuts, Inshell Basis		
Time period	Oct/May	Units:	MT
Exports for:	2000/01		2001/02
U.S.	0	U.S.	0
Others		Others	
Germany	6554	Germany	5087
Spain	5379	Spain	5070
Italy	2160	Italy	2738
Portugal	1619	Switzerland	1340
Moldova	1279	Portugal	1309
Switzerland	1167	Moldova	1302
Belgium	514	Denmark	453
Total for Others	18672		17299
Others not Listed	1364		1421
Grand Total	20036		18720

Import Trade Matrix			
Country	France		
Commodity	Walnuts, Inshell Basis		
Time period	Oct/May	Units:	MT
Imports for:	2000/01		2001/02
U.S.	117	U.S.	156
Others		Others	
Moldova	6385	Moldova	6944
India	1190	India	1174
Hungary	1180	Hungary	780
China	1014	Ukraine	410
Roumania	687	Roumania	300
Ukraine	196	Greece	282
Poland	188	Poland	182
Slovakia	156	Portugal	152
Total for Others	10996		10224
Others not Listed	728		1051
Grand Total	11724		11275

Source: French Customs

Price Tables

Grower Prices:

The table below is for weekly grower prices of dried Franquette walnut variety, grade 32+, grown in southwestern France, in Euro per kilogram:

week #	1999/00	2000/01	2001/02
43	2.13		2.59
44	2.13	2.90	2.59
45	2.08	2.90	2.59
46	2.13	2.84	2.59
47	2.13	2.82	2.59
48	2.13	2.82	2.59
49	2.17	2.82	2.54
50	2.21	2.69	2.52
51	2.21	2.64	2.52
52	2.21	2.59	2.52
1	2.21	2.58	2.52
2	2.21	2.56	2.52
3	2.21	2.56	2.51
4	2.21	2.56	2.50
5	2.21	2.56	2.47
6	2.21	2.56	2.45
7	2.21	2.57	2.45
8	2.21	2.56	2.43

The table below is for weekly grower prices of dried "Noix de Grenoble" walnut, grade 30-32, bulk, in Euro per kilogram:

week #	2000/01	2001/02
43	2.52	2.41
44	2.52	2.44
45	2.50	2.43
46	2.44	2.39
47	2.44	2.37
48	2.44	2.34
49	2.44	2.29
50	2.44	2.29
51	2.44	2.29
52	2.44	2.29

Wholesale Prices:

The table below is for wholesale prices on the Lyon wholesale market for "Noix de Grenoble" dried walnut, grade 32+, category I:

week #	1999/00	2000/01	2001/02
43	2.44	3.03	3.00
44	2.44	3.13	2.99
45	2.44	3.13	3.05
46	2.44	3.20	3.11
47	2.36	3.20	3.23
48	2.36	3.11	3.17
49	2.36	3.05	3.13
50	2.36	3.05	3.08
51	2.36	3.05	3.15
52	2.44	3.05	3.20

Retail Prices:

The table below is for weekly retail prices of dried "Noix de Grenoble" walnut, grade 30-32, bulk, in Euro per kilogram:

week #	2000/01	2001/02
43	3.19	4.49
44	3.60	4.20
45	3.92	4.35
46	4.12	4.65
47	1.26	4.62
48	4.45	4.44
49	4.42	4.43
50	4.47	4.57
51	4.44	4.32
52	4.68	4.49